

VZCZCXRO1479
RR RUEHBC RUEHDA RUEHDE RUEHIHL RUEHKUK
DE RUEHGB #1039/01 1061309
ZNR UUUUU ZZH
R 161309Z APR 09
FM AMEMBASSY BAGHDAD
TO RUEHC/SECSTATE WASHDC 2711
INFO RUCNRAQ/IRAQ COLLECTIVE

UNCLAS SECTION 01 OF 02 BAGHDAD 001039

SIPDIS
SENSITIVE BUT UNCLASSIFIED

E.O. 12958: N/A
TAGS: [KCOR](#) [PGOV](#) [EFIN](#) [IZ](#)
SUBJECT: ERBIL RRT: DEPUTY ANTI-CORRUPTION COORDINATOR VISITS
KURDISTAN REGION

REFTELS: (a) 08 Baghdad 2731
(b) 09 Baghdad 796

This is an Erbil Regional Reconstruction Team cable.

¶1. (SBU) SUMMARY: Deputy Anti-Corruption Coordinator (D/ACC) Lynn Gurian traveled to the Kurdistan Region (KR) to learn more about the ways in which corruption manifests itself in the KR, steps being taken to combat corruption, and determine best "next steps" for USG-funded anti-corruption efforts in the KR. Chief among concerns cited by interlocutors were alleged misdirection of public funds, nepotism and cronyism in public sector hiring, government interference in contracting and private commercial activities, and a lack of transparency in public administration and budget execution, all of which converge to provide an environment conducive to corruption. Numerous ad hoc governmental committees have been created to investigate corruption, but none of these are independent from the executive branch of government. There is currently no USG anti-corruption or budget execution assistance reaching the Kurdistan Region. We believe that supporting a recently launched UNDP budget execution project would be an effective means to improve transparency and accountability in the region. END SUMMARY

¶2. (U) Regional Reconstruction Team Erbil (RRT) hosted Embassy Baghdad Deputy Anti-Corruption Coordinator (D/ACC) Lynn Gurian from April 4 - April 9. During her visit, D/ACC met with government officials, businessmen, political party leaders and civil society representatives to discuss perceptions of corruption in the Kurdistan Region (KR) and learn what steps are being taken to combat corruption.

WHERE CORRUPTION LIVES AND HOW IT MOVES

¶3. (SBU) With varying degrees of candor, contacts expressed the view that corruption has permeated most aspects of life in the KR. Chief among concerns cited by interlocutors were alleged misdirection of public funds, nepotism and cronyism in public sector hiring, government interference into contracting and private commercial activities, and a general lack of transparency in public administration and budget execution, all of which converge to provide an environment hospitable to corruption. Contacts highlighted the close connection of the two dominant political parties, the Patriotic Union of Kurdistan (PUK) and the Democratic Party of Kurdistan (KDP), to all aspects of the government and the private sector, as a contributing factor to corruption.

¶4. (SBU) Independent journalists in the KR confirm that they continue to face legal pressure and intimidation from the Kurdistan Regional Government (KRG) for reporting on corruption and asked for continued USG support of free media. Attorneys and civil society organization leaders claim that no cases of corruption have been brought before the courts because the populace is afraid to do so and requested the USG work to strengthen the KRG judiciary. Contacts in the private sector and minority political parties admonished the USG for not having done more to pressure the KRG to become more transparent. "Now is not the time to congratulate the government. It is the time to push them to change," said Kamaran

Hussein, a member of the Kurdistan Businessmen's Association. "Just as the U.S. military attacked terrorism, so should the U.S. government attack corruption," said Salahaddin Bahaddin, Secretary General of the Kurdistan Islamic Union.

Lack of independent anti-corruption institutions

15. (U) Government contacts briefed D/ACC on government oversight/audit institutions (none of which are independent from the executive branch). There are seven ad hoc anti-corruption committees in the KR, including: a committee to follow up on judicial issues, a committee for project management, a committee for public administration reform, a committee on corruption in the media, a committee to follow up on allegations of corruption and a special committee to follow up on legislative affairs. Each of these committees reports to the KRG Council of Ministers.

16. (SBU) In addition to these ad hoc committees, there are two Bureaus of Supreme Audit in the KR (one for the KDP and one for the PUK). Dr. Giorgis Hassan, president of the KDP-affiliated BSA, reported to D/ACC that the BSA is currently unable to audit the Office of the Prime Minister, the Ministry of Finance, public banks, or customs checkpoints. In a separate meeting, Dr. Nouri Sinjari, (Chief of Staff to KRG Prime Minister Nechirvan Barzani) told D/ACC that once the KDP and PUK Ministries of Finance officially unite, so too will the two BSAs, and that a recently-passed KRG audit law will empower the BSA to audit all governmental entities - including the Minister of Finance. (Comment: Why the recently-passed law - which attaches the BSA to the Iraqi Kurdistan Parliament (IKP) and provides the mandate for the BSA to conduct audits of all government offices - including the Minister of Finance, customs checkpoints,

BAGHDAD 00001039 002 OF 002

etc - must wait for unification to be implemented is not clear. End comment).

17. (U) D/ACC was also informed that a committee within the Ministry of Finance (the Financial Inspection Committee) which reports to the Minister of Finance has the authority to investigate all matters pertaining to public finance.

HOW USG CAN HELP SUPPORT THE FIGHT

8.(SBU) In meetings with D/ACC, opinions varied on what, if anything, can be done to effectively combat corruption in the KR. Some contacts, notably Mala Bakthiar (PUK Politburo Director) and Dr. Nouri Sinjari, called for long-term anti-corruption training for government personnel. But contacts unaffiliated with the KRG believe that any such efforts are will not be effective until there is a definitive separation between the political parties and the government and until there is transparency in KRG public administration.

9.(U) Currently, there are no USG-funded anti-corruption initiatives in the KR. The KRG has, on its own initiative, contracted with private international companies (Price Waterhouse Coopers) and international organizations (UNDP) to assess the current system of public administration and provide some direction for future reform. The preliminary PWC assessment is expected in the next month or so. In February 2008, the UNDP rolled out a 54-page plan for "Budget Execution Support" that will target the KRG Ministry of Finance, KRG Ministry of Planning, Bureau of Supreme Audit, the Iraqi Kurdistan Parliament (IKP), and the three provincial governors. This project will be presented to donors for funding at an Erbil Donors' Conference May 5-7.

10. (U) The UNDP project comprises a comprehensive series of concrete steps designed to increase the efficacy and transparency of public procurement procedures, increase the accountability of payment and treasury operations, and "improve the efficiency of non-wage recurrent and capital expenditures, by setting priorities across key sectors and ensuring that spending within sectors is efficient and reaches front-line service delivery units."

¶11. (SBU) COMMENT: The RRT believes that the UNDP project provides an effective vehicle for USG-funded efforts to assist the development of transparent, accountable government institutions in the Kurdistan Region. This project is in line with USG priorities for Iraq and consistent with Iraqi obligations under the UN Convention against Corruption. We also strongly support high-level outreach to the Kurdistan Region leadership, pressing them to:

- enact a code of conduct for public employees;
- provide greater disclosure of Ministerial salaries and emoluments;
- divulge information relating to public subsidies for political parties; and
- ensure a public tender process for government-funded projects.

The KRG should also be encouraged to publicize the results of the PWC study and the findings of the ad hoc committees. And finally KR leadership should also be urged to fully respect the mandates of the independent non-executive branch anti-corruption bodies such as the Bureau of Supreme Audit. END COMMENT

Butenis